

## Preserving Nature

As many as 76 countries of the world have either totally lost their original forests or the little they have is no longer of any consequence to sustaining the diversified plant and animal life they once had. If that is not enough of a gloomy picture then add to the list another 11 countries, including Bangladesh, which are on the verge of losing the five per cent of such forests they were cliff hanging to. To make the picture complete 28 more countries also run the risk of getting denuded of their ecologically intact forests unless preservation measures were taken urgently. What is notable is the co-existence of both developed and developing nations in all three categories on the list. In a way the developed Europe and East and North Africa have comparable records in the mayhem of nature's original plant life. The eight countries with the best record of preserving the primeval forests are not without a threat too—the threat, coming from logging and agricultural settlement.

What chance then man has for his survival in the face of his own ravaging of nature? A fair answer to this unsettling question ought to be: very little. Maintenance of natural diversity is a basic condition for the existence of human beings because the chains of life and food are interconnected as well as interdependent. The planet sustains life by maintaining a workable natural balance. Unless man shows full regard for this basic principle of life and internal working within nature, he is bound to imperil his own future. Each human civilisation has had a serious flaw in that it produced enough deadly agents to bring about its own end. Enamoured of unprecedented scientific progress, it has ignored far too long 'mother nature'.

Fortunately, a new breed of human species has come forward in defence of nature. The 'greens' or environmentalists — whatever they may be called, have indeed turned the world's attention back to nature. But governments everywhere are yet to be equal to the task. Today countries like Bangladesh are more concerned with poverty alleviation and political stability. They have little time to ponder on the consequences of overexploitation of nature. But heed they must pay to the dictates of nature. Similarly, the rich nations must set their priorities. Can we urge them to make available a certain percentage of their GDPs for a fund to be used for conservation of nature. Let the poor nations too make their own contributions to that fund. This is imperative because a healing project for nature must be in operation before nature itself hits back.

## For the Watch-dog

At long last, Bangladesh seems poised for rolling back the unflattering mention she has been getting in enlightened overseas circles for not having had a human rights commission in all these 25 years since her inception. The conspicuous absence of such a watch-dog body, considered to be an imperative necessity both as a UN requirement and a constitutional obligation for a country born with high moral principles, had to be ended.

And so it goes to the credit of Prime Minister Sheikh Hasina who had met the Chairman of the UN Human Rights Commission earlier on in Washington to have promptly decided on March 4 to have a human rights commission in the country. The minister for law, justice and parliamentary affairs also receives our commendation for doing the home-work so quickly to be ready in good time for making an announcement of the good news at the Geneva human rights general assembly sometime this week.

It is an independent human rights commission we are going to establish under a law to be framed in the parliament with a mandate and executive authority vested in the body for not merely uncovering human rights violations but also for censuring those who would commit them with obvious implications for remedial action and punishment where due. The minister himself has assured of a watch-dog body with such substance while reacting to misgivings that the commission is being set up by the government whose human rights performance it is supposed to be evaluating.

Since it is envisioned as an independent commission, we call upon the government to have an intense dialogue with the civic society before making a law on the subject. The minister has already hinted at a public debate but it has to be the broadest spectrum one conceivable. Our emphasis is on open and vigorous dialogue that engages the Opposition, the NGOs, the lawyer bodies, journalist fora, women's and child rights groups and workers' unions. How well this formative stage is handled will give a true measure of the government's commitment to human rights.

## Japanese Praise

Japan's ODA team's annual consultation meeting last week with the Bangladesh officials went well. Tokyo, which had not made any fresh aid commitment to Bangladesh in the last two years or so, owing to our political unrest, has, in a change of heart, taken a markedly mellowed view of the prevailing atmospherics in the country, both political and economic.

Showering praise on Sheikh Hasina's government for its 'active' pursuit of growth targets which seemed 'realistic' to them, the team spokesman Futao Motai recorded his appreciation of a satisfying rate of implementation of the Jamuna Multipurpose Bridge Project.

The Japanese are credited with such a seasoned economic sense that we do not regard their plaudits as being merely compensatory for the hard-line they had taken towards us a year ago. These ought to be, in fact, deemed as genuinely inspirational and substantially encouraging for us.

What we like most about them is the parting observation made by the team's spokesman: 'Cost of project is not important, we stress on quality and feasibility of a project.' Let's meet Tokyo's expectations which are swathed in a renewal of confidence in us.

# Reforming the Stock Market

Two types of lessons can be learnt from the two shocks that the capital market has gone through in a matter of only 9 years: one is about the price behaviour, and the other is about the organisational behaviour. Both of these have profound bearings on the future of the capital market in this country.

THE government has instituted an Inquiry Commission to investigate the operations of the two stock exchanges following the market crash of November-December 1996. Hopefully, it will be able to bring to light all the factors that led to such a major upheaval in the market. There is a great uncertainty prevailing in the market now, and if the Commission's report fails to uncover the real reasons, that is to say, to meet the expectations of the market, then uncertainty will be further intensified and the market may not recover in the near future. A great deal of confidence building, therefore, depends on what the findings of the Commission's enquiry are going to be.

### Pattern of Shocks

However, before one discusses the nature of the reforms that the country's capital markets (consisting of Dhaka and Chittagong Stock Exchanges only) need, it would be appropriate to dwell briefly on the pattern of market performances over the last two decades. This will provide some insight into the nature of shocks that the capital market has gone through so far.

After the creation of Bangladesh, the government closed down the stock market in 1972 which was revived again in 1976. Incidentally, it is in this same year that the Investment Corporation of Bangladesh (ICB), an investment/merchant bank type institution, was first created in the public sector which has now grown into a major role, albeit inefficiently, in the country's stock market. However, the value and volume of turnover of the DSE were growing slowly in the mid-eighties. But it also had its first market downturn in 1989 which continued until 1991. The DSE All Share Price Index fell from 533.6 in 1988 to 498.2 in 1989 (about 7 per cent decline) to 349.1 in 1990 and finally to 296.2 in 1991. Between 1988 and 1991, the price decline was by about 44 per cent, which, whether one calls it a major correction or a crash, was a big shock. But not much hue and cry was raised about it perhaps because it was not so sudden (over a three-year period).

Two important factors should be noted at this point. The economy during the middle to late 1980s was suffering from double digit inflation and around 1989-91 the world outside was going through a recession. The latter had its effect on the slowest growth of exports of the country. Due to a high domestic inflation rate, the exchange rate was overvalued. It is also at this time that the anti-autocratic political movement was at its peak. These factors contributed to the sharp and prolonged price decline in the stock market (44 per cent as pointed out above).

However, from 1992 onwards, the market began to pick up again both in terms of number of securities and prices. The DSE Price Index went from 369.5 in June 1992 to 959.1 in June, 1996 (about 160 per cent rise in four years). From July 1996 when the index stood at 1156.2, it went up to 3627 on November 16 and crashed to

2241 on December 22. The fall in the index was by 38 per cent in less than six weeks. The situation was traumatic. Since then, of course, it fell further to 1584 on March 4, 1997. The market has shed another 29 per cent from that of December 22, 1996. By and large, the stock market situation has turned into a scam and has aroused anger among the small investors, who have lost a huge sum of money. A good deal of wrangling, discussions and seminars have taken place with some violence to boot. Anyone with the slightest of objective view and any interest of the country at heart would be worried about the country's capital market, a vital instrument of capital mobilisation for economic development.

### Lessons from the Shocks

However, two types of lessons can be learnt from the two shocks that the capital market has gone through in a matter of only 9 years: one is about the price behaviour, and the other is about the organisational behaviour. Both of these have profound bearings on the future of the capital market in this country.



INSIGHT  
by  
Kabir U Ahmad

Take the price behaviour first. While the first shock was due to high domestic inflation and world recession, the second one was not due to similar factors since the inflation rate in the early to mid-1990s was very low between 2-5 per cent, the exchange rate was not over-valued, the external reserve was growing substantially and the economy was doing well. Even at the end of 1996, the external reserve was around \$2 billion, inflation rate was around 5 per cent, export earnings as well as expatriates' remittances were growing. This price shock seems to be due to something else. It is here that a complex of various other factors seems to have driven the market wild and eventually to a crash. Allegations of various kinds are floating in the market.

The other type of lesson that one gets from the history of the last nine years of stock market performances is that the DSE considers that since it is an independent public limited company with in-built self-regulatory measures, the government should not have any control on it. This is a wrong attitude because the government has the right to interfere in any company's activities if its activities go against public interest. Over the years, the DSE's elected chairman, by and large, acted as the chief of both the policy-making elected Council and the executive body, which is not right. It sometimes gave the feeling of resentment against the Security and Exchange Commission (SEC) which was brought into existence by the Securities and Exchange Act, 1993. This was particularly visible when the SEC was trying to

control the rapid price rise during the months of September-November, 1996, and also during the period of rapid price decline in late November-December, 1996. Further, the Memorandum of Association of the DSE upholds 'ethical behaviour' and 'protection of interests of the investors' etc. but these seem to have not been practiced by the DSE. The elected members of the DSE are also active brokers until now which creates a conflict of interests which has not been satisfactorily resolved yet. The members-brokers should have corporatised their brokerage firms, but haven't done it so far. At least, on the face of it, there is the possibility of inside trading which is illegal according to the Securities and Exchange Act, 1993.

The executive body of the DSE should have some autonomy in respect of implementing the policies of the elected Council, but it was not given the autonomy. The floor trading should have been strictly monitored by an independent monitoring body appointed by the SEC, but it was not effective. All trades are supposed to be taking place through the DSE trading

floor and none whatsoever outside it. But a whole kerb market, which is illegal, came into existence outside the trading floor. The DSE with a fixed number of members (195 only out of whom 40 are inactive) with an annual fee of Tk. 100,000 only turned into a monopoly organisation and did not allow fresh entry of new members of make it more accommodative and competitive. All in all, the transparency and accountability that are supposed to be the hallmarks of any respectable stock market anywhere in the world seem to have been ignored.

The SEC, which is the regulatory body for the stock market, have been given all the powers necessary by the Act of 1993. But it could not effectively apply those powers. One example of this failure is that it issued the injunction that no elected member of the DSE Council could at the same time remain a director of an issuing company. But it had postponed its implementation for another six months. On top of it, there were complaints of corruption against some members of the SEC and the government removed two of its members. So the victims of the scam did not seem to have anywhere to go for justice and fair deal.

### The Needed Reforms

In view of all these failures, some important steps are necessary. In the first place, since there are serious complaints of corruption against the SEC, it cannot perform its judicial functions. The juror also cannot be the judge at the same time. Therefore, the adjudicatory power of the SEC should be separated and be vested in a

permanent autonomous Appellate Body of 3 members headed by a retired Supreme Court Judge appointed by the government with another member to be elected by the Dhaka and Chittagong Stock Exchanges and the third one to be elected by the members of the FBCCI. The status of this body should be above that of the SEC with three years' tenure. It should hear all complaints, adjudicate and give judgements on complaints from the stock exchanges, the SEC and the investors. This Body would recommend punishment for the offenders on which the law enforcement agencies would have no authority to request for bail or any other relaxation of the punishment. In addition, this Appellate Body should set up Monitoring Committees to inspect and monitor the trading on both the DSE and the CSE floors. It will also have the authority to recommend to the government, as it deems necessary, for any amendment or changes in the legal framework of the DSE and the CSE on the one hand, and the SEC, on the other. All in all, the justice, fairness and ethical standard in the stock market operations must be ensured by this Appellate Body.

The infrastructure of the DSE, the CSE and the SEC is now in a dismal state. It should be improved by installing fully computerised trading, recording and screen display systems with Local Area Network (LAN) and Wide Area Network (WAN) so that all transactions in different parts of the country executed through all brokers, dealers can be connected and settled in the fixed period of T+6 days, as it is now, without any difficulty. The Central Depository should be installed under the supervision of the SEC to take care of all the securities that are issued in the markets. It will eliminate the illegal kerb market overnight. There will be no scope for out-of-the-floor trading of shares any more. The existing out-market groups should form themselves into brokerage firms legally and the DSE should accept them as members.

Finally, there should be a Training and Research Institute set up by the government which will run short- and medium-term courses for all brokers, share dealers and computer personnel who have to pass appropriate examinations before they qualify for any job in this sector.

There are now too many untrained people running and managing the activities of the stock markets. This has to stop if efficiency of the stock market is to be improved. However, the research team should feed the SEC and the Appellate Body with their research results on various issues needed to improve the performances of these bodies. If these measures are instituted, and the Appellate Body is able to maintain its proper vigilance on the operations of the stock exchanges, then all the activities of the exchanges and the SEC will be transparent and accountable. No inside trading or secret manipulations of dealings and prices will be possible. The stock markets will then function properly and the investors' confidence be restored.

# Assassins Threaten Hope of Peaceful Poll

Political violence has erupted again in Sri Lanka, encouraged by the proliferation of weapons and a legacy of tit-for-tat bloodshed. As the authorities struggle to counter the gun culture, reports Vilma Wimaladasa Gemini News Service from Colombo, party leaders must take some of the blame for failing to crack down on thuggery in their own ranks.

THE murder of a young politician on nomination day for Sri Lankan local elections got the campaign off to a bloody start, dashing hopes that political violence had been conquered.

Self-effacing parliamentarian Nalanda Ellawala, a member of the ruling People's Alliance (PA), was shot as he was on his way to hand in nomination papers in his home town of Ratnapura, 80 kilometres south-east of Colombo.

The mid-February killing, allegedly by an opposition MP and supporters, touched off further violence in the town. Mobs attacked property and killed and injured several people.

This does not augur well for peaceful polling on 21 March for 230 local authorities across the island, most of which are in the hands of the opposition United National Party (UNP).

President Chandrika Kumaratunga condemned the violence, and promised tough action.

She told a rally: 'I assure you that new laws will be passed to bring the culprits to justice if the present laws seem to be inadequate. They deserve and will get the maximum possible punishment.'

A big problem the authorities face in curbing violence is the proliferation of weapons on the island. A gun culture has grown out of the civil war in the north and east, where Tamil rebels are fighting for secession, and from the Sinhalese Marxist uprising a few years ago in the south that was crushed by the government.

Whereas, at one time election fever might have led troublemakers to hurl a bottle or, at

worst, a crude home-made bomb, they now pack pistols and automatic rifles.

Because of past trouble, MPs are legally allowed to possess two weapons. Kumaratunga has promised to take speedy action to disarm those who exceed their allocation. She pointed out that many politicians had not returned the guns with which they had been issued during the revolt by Marxist militants.

A political columnist commented: 'It is the time for all right-thinking people to take their stand openly in favour of democracy, and against those who believe that the gun, grenade or sword will sway the vote in their favour.'

The thousands of victims of political killings in recent years have included the President's own husband, and the left-wing PA coalition, led by her Sri Lanka Freedom Party (SLFP), vowed to put an end to the carnage when it won power in 1994.

However, Kumaratunga did not help matters last year when she was reported to have indicated to loyalists that they were justified in retaliating against violent assaults. She was speaking after six people died when a group of UNP supporters were ambushed in Negombo, a fishing town north of Colombo, and her words seemed to condone the attack.

Over the years, party leaders have trotted out juvenile 'tit for tat' excuses when accused of being responsible for bloodshed. They tend to point out that the other side struck first and that their supporters were compelled

to retaliate. Their failure to admit responsibility and take action against party members guilty of crimes has helped sustain political violence.

The bitter acrimony that exists between the UNP and SLFP is another cause, and confrontational campaign tactics do nothing to ease tension.

A recently-established independent Coalition Against Political Violence has written to all parties, seeking pledges to act peacefully and punish troublemakers among supporters.

The major parties responded positively, including the UNP, which is now under an obligation to tell the public what action it will take in the case of the Ellawala murder.

Eleven people have been remanded in custody, pending court appearances, in connection with the shooting, including a UNP MP, Susantha Punninilame.

The assassination could tip public sympathy in favour of the PA at the local polls — a mid-term popularity test for the government and opposition in areas outside the war-struck north and east — despite the fact that people have been blaming the ruling coalition for galloping inflation, broken promises and mounting problems of uncollected garbage and lack of public amenities in many areas.

Although the head of state does not normally get involved in local election campaigning, Kumaratunga has been actively backing PA candidates, delivering speeches in which she has also sought to promote government achievements over the past two-and-a-half years and

the peace offer involving devolution for the Tamils — a proposal that separatists have rejected.

The writer is a freelance Sri Lankan journalist, who was previously Features Editor of The Times of Ceylon.

## To the Editor...

### Deshi Products

Sir, I was very impressed with Ayesha Faraha's patriotism and encouragement to promote Deshi products in her 'Dhaka Day by Day' article — 'Be Bangalee and Promote Deshi Products' dated February 28, 1997. She is right when she says that Bangladeshis have recently acquired a foreign product craze. What I found disagreeable was the way she blamed consumers for this.

Exposure, as she herself pointed out, was a cause for the latest fascination with foreign goods. The point she missed was the fact of quality. Whether she admits or not, most of the foreign products are of better quality than Bangladeshi ones, particularly cosmetics. The question here is of consumer sovereignty. They will buy what they want to. The primary considerations of any consumer are price and quality. When someone sees a foreign product of higher quality, he/she is willing to pay a higher price for it. Let's be practical, patriotism is a secondary consideration when buying something. Though I do not dispute the fact that patriotism is very important, it has to be faced that when buying something no-one really thinks if it is right for the country or not.

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## Bright Prospect for Tissue Culture

by Shehab Ahmed



Mahfuza Khatun Rita with the test-tube carnation in blossom with her teacher, Dr Emdadul Haque at the Laboratory of Botany department of Dhaka University. — Star photo by Anisur Rahman

Mahfuza Khatun Rita was delighted when she opened the glass door of the temperature controlled chamber in the tiny laboratory to find the rare thing happening. She just got a test-tube carnation blossoming.

It happened on the morning of January 27, exactly 23 days after she had put a tissue from a carnation for culture on a test-tube for her Masters thesis as a final year student of Botany at the Dhaka University.

The in-vitro flowering is very rare. We are yet to know the reason but it opens up a new vista for us to explore, Dr Emdadul Haque, her teacher said.

Her efforts are one of the many being carried out by students and teachers who work for the technology of tissue culture.

It has wide ranging usage in a number of fields ranging from food production, reviving vanishing medicinal plants and addition of new items on the non-traditional export list like flowers and orchids.

The carnation is one such project being carried out by Mahfuza with the eye on developing a variety that would have all the beauty of a carnation to withstand rigours of export market.

Similarly her fellow students are experimenting with developing orchids, particularly a hybrid from a variety originating in an East Asian country, which is currently exporting over two million dollars worth of orchids annually.

Another experiment is going on to grow a better variety of chrysanthemum, also for the export market.

An M Phil student Nasima Begum Nila is working on Ulot Chandal (Gloriosa Superal), a prized job if she succeeds. It would revolutionise the tissue culture since the medicinal plant, once abundant in the country had virtually disappeared.

The plant had been favoured by the practitioners of Ayurvedic and Unani school of medicine to treat Arthritis, Rheumatic fever, Neurological pain, Gonorrhoea and other sexually transmitted diseases, varieties of female diseases, including menstrual regulation.

But it has become a rare plant. Even getting a sample for regeneration in test-tube is becoming difficult, Nila said. However, she is hopeful of her success and if it happens, it may help not only the practitioners of the traditional

medicine but also the pharmaceutical industry.

Explaining the research Dr Emdadul Haque said that regenerating an orchid or Ulot Chandal is very difficult in nature. But its germination in laboratory through tissue culture may become a standard practice. A few milligram of seeds could germinate several thousand plants, he said.

He said potato yield on an average is poor in normal condition in our country. But we are developing a strain which would be disease-resistant and at the same time high yielding.

The technology is also promising to help forestry, floriculture, crops, vegetables, horticulture etc. So far progress has been reported by researchers at Rajshahi University, Forestry Research Institute and other institutions on jute, teak, kodom, neem trees, bamboos and some medicinal plants. Off food sector there had good progress in guava, banana, both green and ripe, wood apples, water melons, ground nut and legumes, Dr Haque said.

What was pioneered nearly two decades ago by professor AS Islam, who retired from the Botany department of the Dhaka University, but now works in Houston, USA, the research received a boost recently when Bangladesh Association for Plant Tissue Culture (BAPTC) became affiliated with the International Centre for Genetic Engineering and Biotechnology at Trieste, Italy.

Dr Haque said it would help research projects and students to obtain Ph.Ds.

However we need the private sector to come forward besides the government, to help genetic engineering and bio-technology.

Already two small private sector companies have shown interest in tissue culture, one company is exporting mushroom after successfully implanting tissue culture in Bangladesh from Thailand.

In orchids and flowers one German company and a Japanese firm have shown positive interest, Dr Haque said. We are now working on low-cost orchid production, resistant to diseases, he said.

He expressed the hope that the future is bright for tissue culture. What is remaining confined within the masters and M Phil research projects would certainly benefit the nation, Dr Haque observed.

Sheikh Hasina visits New Delhi attending meetings and conferences emphasising on women's rights and emancipation and welfare, but they fail to prove that 'charity begins at home'.

They fail to check cruelty on women and also fail to stop rape and murder of Yasmins and Seemas of our country which continue unabated for years together. This is due to immorality, corruption and negligence of duty on the part of our law enforcing personnel and bureaucrats.

We, therefore, strongly feel that a high level national committee consisted of MPs of all political parties may hold inquiries into the tragedies of Yasmín of Dinajpur and Seema Choudhury of Chittagong. And then our Jatiya Sangsad may take pragmatic measures to stop recurrence of such gruesome and appalling incidents in the future.

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## Yasmin and Seema tragedies

Sir, it does not matter who ever is the Prime Minister of the country, whether Begum Khaleda Zia goes to Beijing or